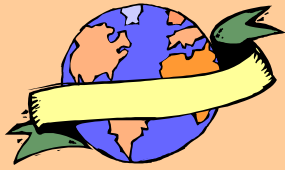


January 2001



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

With three-fourths of the 1999-01 biennium completed, revenues are \$29 million ahead of the original legislative forecast. We will soon be in the process of preparing the legislative forecast. Historical data will be sent to Economy.com, Inc. during the first week of February and we will try to have the forecast completed as close to cross-over as possible.

We will have an idea in early February of how North Dakota fared with Christmas sales and what effect those sales have had on sales and use tax collections. We are encouraged that the December sales tax collections were ahead of projections after

falling behind for the past five months.

Nationally, Christmas sales were weak with several large retailers reporting less than expected sales. In addition, the economy is experiencing high energy prices, higher borrowing costs for businesses, tighter credit standards, and a declining equity market. More than \$3 trillion in stockholder wealth has been wiped out since the market peaked last March, a decline of 20 percent, which results in decreased consumer confidence. Excluding energy prices, consumer price inflation remains close to 2.5 percent

Oil Activity

North Dakota has 11 rigs operating in the state compared to 7 one year ago. Oil production in November averaged 87,608 barrels per day, which was down from October's average production of 90,460.

The current price of oil is in the range of \$27 per barrel.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
DECEMBER 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 21,846,000.00	\$ 22,540,430.21	\$ 694,430.21	3.2%	\$ 469,839,500.00	\$ 457,862,620.07	\$ (11,976,879.93)	-2.5%
Motor Vehicle Excise Tax *	4,036,000.00	4,125,860.67	89,860.67	2.2%	78,937,400.00	83,714,860.96	4,777,460.96	6.1%
Individual Income Tax	4,060,000.00	3,611,711.02	(448,288.98)	-11.0%	261,267,520.00	275,076,594.79	13,809,074.79	5.3%
Corporate Income Tax	4,198,000.00	6,148,804.90	1,950,804.90	46.5%	74,203,000.00	57,850,842.58	(16,352,157.42)	-22.0%
Insurance Premium Tax	1,130,000.00	1,216,247.75	86,247.75	7.6%	24,380,000.00	26,662,011.20	2,282,011.20	9.4%
Financial Insitutions Tax	4,000.00	(119,791.00)	(123,791.00)	-3094.8%	2,756,000.00	2,335,599.16	(420,400.84)	-15.3%
Oil & Gas Production Tax	1,028,000.00	2,796,459.64	1,768,459.64	172.0%	16,698,000.00	32,861,670.62	16,163,670.62	96.8%
Gaming Tax	61,000.00	396,468.09	335,468.09	549.9%	16,978,000.00	19,858,611.85	2,880,611.85	17.0%
Interest Income	471,000.00	890,300.90	419,300.90	89.0%	10,182,000.00	14,152,617.42	3,970,617.42	39.0%
Oil Extraction Tax	628,000.00	1,496,514.34	868,514.34	138.3%	10,162,000.00	20,506,794.07	10,344,794.07	101.8%
Cigarette & Tobacco Tax	1,675,000.00	1,672,836.49	(2,163.51)	-0.1%	32,577,000.00	32,113,202.43	(463,797.57)	-1.4%
Departmental Collections	2,700,000.00	1,201,813.25	(1,498,186.75)	-55.5%	28,559,196.00	29,428,497.55	869,301.55	3.0%
Wholesale Liquor Tax	458,571.00	418,453.13	(40,117.87)	-8.7%	7,469,731.00	7,699,108.30	229,377.30	3.1%
Coal Severance Tax	919,000.00	944,179.33	25,179.33	2.7%	16,807,000.00	16,724,658.04	(82,341.96)	-0.5%
Coal Conversion Tax	1,041,000.00	1,075,266.80	34,266.80	3.3%	18,434,000.00	18,810,929.08	376,929.08	2.0%
Mineral Leasing Fees	199,760.00	345,038.10	145,278.10	72.7%	3,717,120.00	5,842,136.75	2,125,016.75	57.2%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,035,456.00	1,035,456.00	0.00	0.0%
Other Transfers		84,857.07			1,700,000.00	2,141,222.30	441,222.30	26.0%
Total Revenues and Transfers	44,455,331.00	48,845,450.69	4,390,119.69	9.9%	1,090,702,923.00	1,119,677,433.17	28,974,510.17	2.7%

* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of the collections.

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
DECEMBER 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	December 1998	December 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 21,146,042.66	\$ 22,540,430.21	\$ 1,394,387.55	6.6%	\$ 417,906,740.94	\$ 457,862,620.07	\$ 39,955,879.13	9.6%
Motor Vehicle Excise Tax *	3,570,450.60	4,125,860.67	555,410.07	15.6%	70,746,452.49	83,714,860.96	12,968,408.47	18.3%
Individual Income Tax	11,688,438.50	3,611,711.02	(8,076,727.48)	-69.1%	248,939,484.75	275,076,594.79	26,137,110.04	10.5%
Corporate Income Tax	567,568.73	6,148,804.90	5,581,236.17	983.4%	85,600,218.65	57,850,842.58	(27,749,376.07)	-32.4%
Insurance Premium Tax	947,491.83	1,216,247.75	268,755.92	28.4%	22,867,969.02	26,662,011.20	3,794,042.18	16.6%
Financial Insitutions Tax	40,067.00	(119,791.00)	(159,858.00)	-399.0%	2,606,606.25	2,335,599.16	(271,007.09)	-10.4%
Oil & Gas Production Tax	600,242.30	2,796,459.64	2,196,217.34	365.9%	20,943,835.44	32,861,670.62	11,917,835.18	56.9%
Gaming Tax	60,958.31	396,468.09	335,509.78	550.4%	16,976,941.58	19,858,611.85	2,881,670.27	17.0%
Interest Income	560,145.08	890,300.90	330,155.82	58.9%	13,387,729.24	14,152,617.42	764,888.18	5.7%
Oil Extraction Tax	419,489.70	1,496,514.34	1,077,024.64	256.7%	13,227,141.97	20,506,794.07	7,279,652.10	55.0%
Cigarette & Tobacco Tax	1,778,862.98	1,672,836.49	(106,026.49)	-6.0%	34,288,054.60	32,113,202.43	(2,174,852.17)	-6.3%
Departmental Collections	1,323,896.62	1,201,813.25	(122,083.37)	-9.2%	24,976,139.00	29,428,497.55	4,452,358.55	17.8%
Wholesale Liquor Tax	435,605.65	418,453.13	(17,152.52)	-3.9%	8,087,411.75	7,699,108.30	(388,303.45)	-4.8%
Coal Severance Tax	981,874.24	944,179.33	(37,694.91)	-3.8%	16,761,788.64	16,724,658.04	(37,130.60)	-0.2%
Coal Conversion Tax	1,021,813.67	1,075,266.80	53,453.13	5.2%	17,820,337.98	18,810,929.08	990,591.10	5.6%
Mineral Leasing Fees	207,532.50	345,038.10	137,505.60	66.3%	6,154,128.18	5,842,136.75	(311,991.43)	-5.1%
Bank of North Dakota-Transfer	14,600,000.00				29,600,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					846,654.00	1,035,456.00	188,802.00	22.3%
Other Transfers		84,857.07			30,205,517.47	2,141,222.30	(28,064,295.17)	-92.9%
Total Revenues and Transfers	59,950,480.37	48,845,450.69	(11,105,029.68)	-18.5%	1,081,943,151.95	1,119,677,433.17	37,734,281.22	3.5%

* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of the collections.

Revenue Variances

Sales tax revenues for the month of December exceeded projections by \$694,320 or 3.2 percent. Biennium-to-date collections are now \$12.0 million or 2.5 percent below the original legislative forecast.

When compared to the December executive revenue forecast, biennium-to-date collections for sales tax are \$279,573 ahead of projections.

Motor vehicle excise tax collections were again estimated for the month due to the Department of Transportation converting to a new computer processing system. The estimate shows collections exceeded projections by \$89,861, or 2.2 percent. Biennium-to-date collections, which also include estimates for the last three months, indicate collections exceeding projections by \$4.8 million or 6.1 percent.

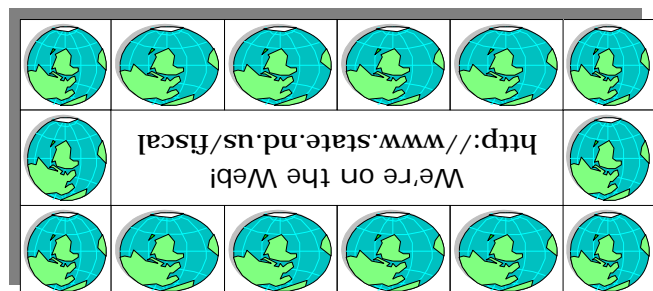
Individual income tax collections fell below forecast by \$448,289 or 11.0 percent. Bi-

ennium-to-date collections now exceed projections by \$13.8 million or 5.3 percent.

Corporate income tax collections exceeded the monthly forecast by \$2.0 million or 46.5 percent. Biennium-to-date collections are \$16.4 million or 22.0 percent below forecast.

Departmental collections fell below the monthly projection by \$1.5 million. This monthly shortfall is due to the timing of agency collections. Biennium-to-date collections are \$869,302 or 3.0 percent ahead of projections.

Oil and gas production tax collections are \$1.8 million or 172.0 percent ahead of the original monthly projection. Oil extraction tax collections are \$868,514 ahead of the monthly projection. Oil tax collections combined are \$26.5 million ahead of the biennium-to-date legislative forecast.



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